

CALIFORNIA ENERGY COMMISSION

BUSINESS MEETING

HEARING ROOM A
1516 NINTH STREET
SACRAMENTO, CALIFORNIA

THURSDAY, MARCH 17, 2011
9:00 A.M.

Reported by:
Michael Connolly

COMMISSIONERS PRESENT

Robert B. Weisenmiller, Chair
James D. Boyd
Karen Douglas
Carla Peterman

STAFF

Melissa Jones, Executive Director
Michael Levy, Chief Counsel
Jennifer Jennings, Public Advisor
Harriet Kallemeyn, Secretariat
Tony Goncalves, Manager of Renewable Energy Office
Kevin Barker
Gabe Herrera, Legal Office, CEC

ALSO PRESENT

Bob Crizer, Crizer Wind Energy, Inc. (via telephone)
Bob Pierce, Energy Saving Pros
Victor Hung, VP of Business Development, Dyocore, Inc.
Mickey Oros, Senior VP, Alteryx Systems

INDEX

	Page
Emerging Renewables Program	
Tony Goncalves	4
Energy Commission Committee Appointments	
Kevin Barker	40
Adjourned	52
Reporter's Certificate	53

1 P R O C E E D I N G S

2 MARCH 17, 2011

9:05 A.M.

3 COMMISSIONER WEISENMILLER: Good morning. Thanks
4 for attending this special business meeting.

5 Let's deal with item number one, the Emerging
6 Renewables Program, possible ratification of the decision of
7 the Energy Commission's Renewables Committee to temporarily
8 suspend the Emerging Renewables Program to implement changes
9 to address program deficiencies. Tony, do you want to
10 start?

11 MR. GONCALVES: Thank you. Good morning, Chair and
12 Commissioners. I'm Tony Goncalves, Manager of the Renewable
13 Energy Office.

14 Based on a staff recommendation and a decision by
15 the Renewables Committee on March 4, 2011 at approximately
16 noon, the Energy Commission posted a notice to temporarily
17 suspend the Emerging Renewables Program effective five p.m.
18 on that day. As specified in the notice, applications
19 postmarked on March 4th were also considered submitted by
20 the deadline. The temporary suspension does not affect
21 applications that were approved prior to the suspension of
22 the program nor does it affect processing of payments for
23 applications that were approved before the suspension.

24 The Emerging Renewables Program provides rebates to
25 offset the cost of purchasing and installing small scale

1 wind systems that are under 50 kilowatts in size - the
2 rebates are limited to the first 30 kilowatts - and fuel
3 cell systems under 30 kilowatts using renewable fuel.
4 Systems receiving rebates from this program are intended to
5 primarily offset onsite load and not intended for systems
6 that are designed to sell or export a majority or
7 significant portion of their generation to the electricity
8 grid. The goal of the program is to increase installation
9 of small wind systems and fuel cells using renewable fuels
10 by reducing the net cost of these onsite renewable energy
11 systems. The program, however, is not intended to fully
12 eliminate a customer's economic interest by covering the
13 entire cost of the system.

14 The Emerging Renewables Program was temporarily
15 suspended so that the Commission can address deficiencies
16 with the current program requirements. The Commission has
17 seen an increase in applications for small wind systems
18 recently. Many of these applications have been for rebates
19 that will cover all or nearly all of the total installed
20 cost of the system. Not having any economic investment from
21 the consumer may result in consumers and retailers or
22 installers having no interest in verifying that the
23 installation site has adequate wind resources to accommodate
24 the wind energy system. Wind energy systems installed in
25 locations with poor wind resources are likely to

1 underperform and result in poor investment and use of the
2 Emerging Renewables Program funds. It may also result in
3 consumers having no interest in insuring that the system is
4 sized properly to offset their onsite load and instead have
5 their systems supersized if there is no additional cost.

6 The Emerging Renewables Program currently provides
7 rebates of three dollars per watt to small wind energy
8 systems for the first 10 kilowatts and then a rebate of
9 \$1.50 per watt up to 30 kilowatt size. The three dollar
10 rebate level is scheduled to drop to \$2.50 per watt on April
11 7, 2011. The rebate level was temporarily increased from
12 \$2.50 to \$3.00 in April of 2010 in an attempt to provide a
13 stimulus to the small wind market during the economic
14 downturn.

15 Since the start of the program in 1998 the
16 Commission has paid rebates for the installation of
17 approximately small wind systems, accounting for about \$8.7
18 million in rebates. In contrast between the time the
19 suspension was announced and it took effect, the Commission
20 received what it is estimating to be more than 800
21 applications. Staff has not yet had an opportunity to
22 review these applications to determine if they are complete
23 or not.

24 During the temporary suspension the Commission will
25 review its current guidelines and adopt necessary changes to

1 guidelines to address deficiencies with the program
2 requirements. Staff intends to hold a workshop, hoping to
3 be in mid-April, to discuss potential revisions to the
4 Emerging Renewables Program guidelines and then we will
5 bring those proposed revisions before the Commission for
6 possible adoption. Our goal is to have that before you
7 sometime in June of this year.

8 The suspension will remain in effect until further
9 notice. Applications for rebate reservations submitted to
10 the Energy Commission after the suspension is lifted will be
11 subject to the changes in the revised guidelines. During
12 the suspension the Commission will not accept any new
13 applications.

14 Finally, the rebate level is scheduled to revert
15 back to \$2.50 per watt on April 7, 2011. To avoid affecting
16 any pending negotiations or potential sales that may be
17 contingent on the higher rebate level of \$3.00 per watt the
18 Renewables Committee also expressed its intent to extend the
19 \$3.00 per watt rebate level for approximately 30 days after
20 the suspension is lifted. That is approximately the same
21 amount of time that was remaining on the higher rebate level
22 when the suspension was announced.

23 I ask that you ratify the Renewable Committee's
24 decision to temporarily suspend the Emerging Renewables
25 Program on March 4, 2011. I would be happy to answer any

1 questions.

2 CHAIR WEISENMILLER: Commissioners, any questions?

3 (No response.)

4 CHAIR WEISENMILLER: Then we have some public
5 members who want to comment on this. I think the first one
6 is Bob Crizer. Do you want to speak now?

7 (Mr. Bob Crizer addresses the Commission via
8 telephone.)

9 MR. CRIZER: Good morning, Chairperson and
10 Commissioners. My name is Bob Crizer and I own Crizer Wind
11 Energy. I started my company in October 2010 to be involved
12 in something really great. I believe that providing
13 distributed renewable energy is a requirement of the future
14 of energy generation. I am also in business as a California
15 state-licensed contractor and have been since 1983. I have
16 a spotless record with the California State License Board.
17 My name is on that company and I live in a small town where
18 reputation is everything. Our company will only be involved
19 in wind installations that we can put our name on.

20 My company is also one of the resellers that have
21 filed for rebates that will pay close to or all of the cost
22 of wind systems. I have followed the rules set by your
23 honorable commission in requesting those rebates. The
24 rooftop systems that you have approved today are rated to
25 provide energy equal to products that cost twice as much.

1 The production of watts per rebate dollar invested in each
2 type of system is the same. I ask you to avoid penalizing
3 the consumer for using an evolved technology just because
4 someone thinks they should pay more, or they should pay
5 something.

6 Our company chose the products that we use by
7 visiting your website that lists the approved equipment
8 available for rebates. My choice in product was based on
9 low wind speed rating that you listed and I trusted the
10 rating specified for the product and followed that
11 information back to the manufacturer to arrange purchase.
12 The rebates as they are today allow us to provide
13 distributed energy generation to those who would not afford
14 it otherwise. These rebates also are working in a positive
15 manner just as I believe that you intended them to. The
16 systems that we are developing today are new technology that
17 has emerged in recent years and is being refined. The
18 turbines, inverters, capacitors and associated equipment are
19 emerging as we speak and only because the rebates are
20 available as they are.

21 I urge you to let these rebates proceed as they were
22 established. The adjustment in price per watt that was
23 scheduled for April would have created a need for economic
24 involvement by the customer. An adjustment at that time
25 would have allowed enough systems to be built to be able to

1 quantify the wind for each unique installation. Quantifying
2 wind and related energy production is essential to ask the
3 customers to fund a portion of their project. These rebates
4 at \$3.00 per watt and almost a hundred percent are essential
5 to allow funding for the technology to be fully evolved.
6 As you well know, wind is very different than solar. Solar
7 can be quantified by looking at regions and applying
8 averages based on decades of data. To quantify wind is not
9 so easy. Wind may be or may not be the same from year to
10 year. Until we have enough wind machines in place to
11 measure regional production we cannot conclude what the
12 production will be for each micro region. We will also not
13 be able to charge much of a fee until we can say what the
14 production will be.

15 Lastly, rebate support has moved projected product
16 placement from an average of 41 systems per year for the
17 last 13 years to a level where small wind has the
18 opportunity to really enter the marketplace as a viable
19 urban energy source that can become affordable. I ask you
20 to avoid undoing what you have started by throwing a
21 roadblock in front of the development of small wind by
22 pricing it out of existence. Thank you. That is the end of
23 my comment.

24 CHAIR WEISENMILLER: Thank you.

25 Commissioners, any questions?

1 (No response.)

2 Let's hear the testimony of Brian Pierce.

3 MR. PIERCE: I apologize with my unfamiliarity with
4 the setting and if I stray from protocol please forgive me
5 in advance.

6 My comment is more of just a general concern in some
7 of the things that have been said. My concern is, why would
8 it be so inappropriate to cover the full cost of the system
9 if there have been efficiencies and technological
10 advancement that makes that possible? I represent Energy
11 Saving Pros. We are a wind reseller as well. We sell the
12 Dyocore turbine predominantly. And we have found that we
13 are able to place these in situations with wind levels and
14 they do produce. The concern is, why is it inappropriate to
15 cover the full cost of the wind with the rebates if there
16 have been efficiencies and technological advancement that
17 makes that possible?

18 Then the other question is: How do you define a
19 poor wind area? For example, we are in Placer County
20 predominantly and there are areas in Placer County where you
21 are on top of a ridge or in a geographical valley or tunnel
22 or there are all sorts of things that make maybe a house
23 next to one or a property next to the other, one would
24 produce good wind and the other produces zero. So the wind
25 maps that we have available today, which is I think part of

1 what Mr. Crizer was saying, are just not very accurate and
2 they are really incomplete. So by installing more systems
3 and moving this program ahead, which it seems to jump
4 forward, we will be able to gather better data.

5 The other point is, this represents a substantial
6 financial investment for my business partner and myself and
7 other wind distributors and sales companies. And making a
8 program change with three hour notice was a bit of a shot.
9 We understand the need to make program tweaks as we move
10 along but the three hour notice was a little difficult. But
11 we did call the CEC. My partner and I did speak, as did
12 other companies, to the CEC and the Commission and verify
13 the program. And then it was changed with three hour notice
14 after we made substantial commitments to clients and
15 potential clients, individuals. And a lot of the people
16 that we deal with are just looking to have some relief from
17 their electric bill. I mean, we are talking that we could
18 save them a hundred or \$150 a month and that will change
19 their lives.

20 So that being said, you know, I hope I made some
21 sense. And we are excited about the program and we are
22 excited about working with the CEC to continue to do that.
23 We just hope that the changes being made allow for rooftop
24 installations and allow for some of the things that have
25 been in the program up to this point. Thank you.

1 CHAIR WEISENMILLER: Thank you.

2 COMMISSIONER PETERMAN: I have a question.

3 CHAIR WEISENMILLER: Go ahead.

4 COMMISSIONER PETERMAN: When you have sized these
5 systems have they been sized to customer's load?

6 MR. PIERCE: Yes. It is not designed to - we don't
7 size the system so that we replace 200 percent of an
8 electric bill. Depending on the consumer's usage, it
9 replaces either a percentage or close to, you know, anywhere
10 from one percent to 100 percent. But they are not designed
11 to go above that. So it's not designed to sell electricity
12 back into the grid.

13 COMMISSIONER PETERMAN: Can you give me a sense on
14 average what the sizing is?

15 MR. PIERCE: For example, if we are doing 75
16 percent - if I had to just guess without - and it's built to
17 capacity. And the program was written to the system
18 capacity. The turbines that we install specifically are
19 rated, their capacity is 18 miles per hour even though they
20 produce much more at 22, when many of the other turbines
21 that are built to go on high towers are rated at 25, 26, 27
22 miles per hour. And so ours are rated at a lower wind speed
23 to compensate for them being mounted at a lower elevation,
24 not on a 60 foot tower but to go on a 30 foot pole or on the
25 top of a roof where the wind is maybe not quite as direct.

1 So not 100 percent but close to 100 percent in some
2 situations, but generally not.

3 COMMISSIONER PETERMAN: Thank you.

4 MR. PIERCE: You're welcome.

5 CHAIR WEISENMILLER: Any other questions?

6 (No response.)

7 Thank you.

8 MR. PIERCE: Thank you for your time.

9 CHAIR WEISENMILLER: Victor Hunt?

10 MR. HUNT: Good morning. My name is Victor Hunt.

11 I am the VP of Business Development for Dyocore. Dyocore
12 started in 2004 to become an efficient company to develop
13 power for the homeowners. And the homeowners have not had
14 anything effectively usable for the local area. So if you
15 go into your homes where you are locally you can put up
16 towers. So as the towers were not applicable for probably
17 more than 75 percent of the people in the country, in the
18 United States - but we will just talk about California here
19 - everybody has put money into this but they couldn't have
20 the ability to be able to utilize the money that they can
21 put in.

22 We are the first company that has come out there and
23 we just launched in September of 2010. So what has happened
24 since 2010 is, of course, you're going to see a bunch of new
25 applications coming because that's when we launched. And it

1 takes a little bit of time for us to ramp up. And as that
2 starts ramping up you are going to see more and more
3 applications. The distributors are responsible to make sure
4 that the winds are capable and that's what we rely on them
5 to do. Because there is no way, just like yourself, you
6 can't tell me how much wind there is where my house is
7 located, there is absolutely no way.

8 So what we wanted to do is, of course, make sure
9 that you understood that prior to 2010 it was only used by
10 about two percent of your clients. Now we are opening it up
11 to approximately about 50 to 75 percent of the people that
12 can get that energy and that's really what we are intending
13 to do.

14 If you have any questions, I will answer them.

15 CHAIR WEISENMILLER: Commissioners, any questions?

16 COMMISSIONER BOYD: I'm going to have a lot to say
17 at the end but I want to hear from the affected public
18 first. And some of the people may want to respond to some
19 of the comments. But otherwise we will protract this with
20 each person that speaks.

21 COMMISSIONER PETERMAN: I wouldn't mind you again
22 offering what the capacity is of your wind systems.

23 MR. HUNT: I'm not a technical person so I am going
24 to have to refrain on that.

25 COMMISSIONER PETERMAN: Okay.

1 MR. HUNT: I wish I could tell you. I do know what
2 you guys rated it as. Of course, we didn't tell you what it
3 was, we had an outside company tell you what it was. So
4 that way I don't think there is any - we had somebody out
5 there that said that we bought you out, I don't think that's
6 correct. But I wish I could answer it other than what it is
7 listed at.

8 COMMISSIONER PETERMAN: I don't know if you can
9 answer this one as well. But the systems that you sold
10 prior to 2010, were they priced similarly to the systems you
11 sold in the last six months?

12 MR. HUNT: The ones that were before 2010 were more
13 prototypes. So, yes, they were a lot cheaper before that.

14 Any other questions?

15 CHAIR WEISENMILLER: No, thank you.

16 MR. HUNT: Thank you.

17 CHAIR WEISENMILLER: The next witness is Mickey
18 Oros.

19 MR. OROS: Thank you for allowing me to take the
20 stand this morning. My name is Mickey Oros and I'm Senior
21 Vice-President and doing business development for Altergy
22 Systems. We are a California-based fuel cell manufacturer
23 located in Folsom and have been contributing to California's
24 economy since 2001. We presently today employ approximately
25 60 full-time employees with a rapid and continued growth.

1 This excludes several hundred additional subcontracted
2 California manufacturing workers that build our in-house
3 designed components and then returns that finished product
4 back to Altergy's facility for systems integration.

5 Regarding the ERP's possible ratification by its
6 committee to temporarily suspend this program, Altergy
7 requests several points for your consideration in the
8 decision process. One, that if the board is temporarily
9 suspending the program based on program deficiencies caused
10 as a result of the wind industry we ask that the suspension
11 be limited to the wind industry only and not penalize fuel
12 cells. And, two, that the fuel cells be allowed to continue
13 the submission process for reservation in the program. And
14 then after the submission they be accepted and entered into
15 the queue as a first-come, first-served basis.

16 This decision by the Renewables Committee has put
17 undue strain on Altergy, after spending some 16 to 18 months
18 of negotiations, component design and the collaboration with
19 the fuel providers to bring fuel cells and its renewable
20 hydrogen fuel to this burgeoning California industry. After
21 many months of hard work Altergy is just now nearing signed
22 contracts with several major clients. These combined
23 contracts amount to some \$72 million in California sales
24 alone. The result of these contracts, besides contributing
25 sales and income tax revenue for the state's indebtedness,

1 will also contribute in many other ways, such as the
2 socioeconomic impact of this burgeoning industry could
3 result in almost a four to one ratio and most if not all
4 going to California-based companies. Two, engineering, site
5 development, manufacturing, construction, fueling, service,
6 warranty, among others could bring a job stimulus package
7 with it. Three, emissions reductions and all that's related
8 to carbon issues and state's concerns. And, four, these
9 deployments will also contribute to the state's Office of
10 Emergency Services and the federal government's Department
11 of Homeland Security in interest in emergency
12 responsiveness.

13 We understand that there may be a need for review
14 caused by others but please consider these points addressed
15 by Altergy. We have put years of effort into this process
16 only to have it held up in the eleventh hour. We are a
17 California-based company with a promising future in the
18 alternative renewable generator market that needs ERP's
19 assistance to compete against the polluting diesel
20 generators in the present day marketplace. This incentive
21 allows our fuel cells to be priced equal to or slightly
22 better than the competitively priced diesel generators. As
23 a result it affords Altergy to bring to market a clean,
24 quiet, zero emission product long sought after by the
25 masses. Once the market is launched and volumes are kicked

1 in it won't take much for the public to make the right
2 choice and reducing or eliminating the program's incentives.
3 I thank you for the time.

4 CHAIR WEISENMILLER: Thank you.

5 Commissioners, any questions?

6 COMMISSIONER BOYD: Is this our last witness?

7 CHAIR WEISENMILLER: I'm going to ask if there is
8 anyone else in the audience. I have no other cards.

9 (No response.)

10 CHAIR WEISENMILLER: Okay.

11 COMMISSIONER BOYD: If it is the last witness,
12 while the witness is still in the room I wanted to ask the
13 staff for some reaction to all that we've heard. But I want
14 to start backwards with the last commenter with regard to
15 the fuel cells. I find myself totally sympathetic to Mr.
16 Oros' concern that we exclude this technology while we are
17 trying to wrestle with the problem resulting from a
18 different technology. Do we have the latitude as a
19 commission to separate and segregate the issue and not
20 suspend this for fuel cells? Can the staff tell us are
21 there any other technologies affected while we are at this?
22 Since we have in effect requested a temporary suspension of
23 the entire program it may take some other people out of the
24 loop that admittedly perhaps weren't intended.

25 MR. HERRERA: Commissioner Boyd, good morning.

1 This is Gabe Herrera, I'm with the Commission's Legal
2 Office.

3 Mr. Oros raises some good points. What we
4 discovered with wind system applications was that there was
5 a hole in the program design, in the program requirements,
6 that needed immediate action to correct. We don't know
7 exactly what those holes are or how we are going to patch
8 them. We do know that we need to move quickly to make some
9 guidebook changes. As a result of that process what we
10 could discover is that there are changes that will affect
11 wind system applications as well as fuel cell applications.
12 So it makes sense to address them all at the same time.

13 Mr. Oros may have some additional comments to
14 improve the guidebook and the program requirements. We are
15 hoping those will come up in the context of the amendments
16 that will need to be made to the guidebook in the public
17 workshop. So, I mean, at this point it is very difficult to
18 say whether there are going to be changes that will or will
19 not be needed to address fuel cells. We just don't know.

20 COMMISSIONER BOYD: Well, thank you for the
21 response. It doesn't give me great comfort. Let me just
22 say that this whole situation did not give the Renewables
23 Committee great comfort. This was admittedly a difficult
24 thing for us to make the recommendation that we did make.
25 Ultimately, nobody wants more wind installed certainly than

1 this agency. Stimulating effectiveness is good. Obviously,
2 the program had a very positive benefit in driving
3 technological development and that is an outcome that we
4 look for. Helping people in these hard times with their
5 electricity bills is certainly a very positive thing. It's
6 just that with wind we suddenly hit the threshold of
7 virtually financing 100 percent of the cost of systems,
8 which altruistically, as some witnesses have implied, is a
9 good thing to do.

10 It's not, as we interpret it anyway, the intent of
11 the legislation, not the intent of these types of programs.
12 It provides a form of subsidy to stimulate technology and to
13 help people. When it hit the point of 100 percent as a
14 result - let's just say at the moment - of a technological
15 breakthrough and the incredible cost effectiveness it pushes
16 the program to the brink of almost financial stress. Let me
17 put it that way. That alarmed us in these times. I don't
18 think it's the intent of the legislature or this commission
19 to - and we have to husband the ratepayer's and the
20 taxpayer's money right now. I think, you know, something
21 struck us that suddenly left us with a physical outcome
22 that's not too positive.

23 And while I understand the comments of the gentleman
24 about, what's wrong with helping people even if it is 100
25 percent, it just isn't what we are about. And we saw no

1 instant alternative other than to recommend that we declare
2 a quick time out and that the staff take an immediate and
3 quick look at what the intent of the legislation and the
4 program has been historically and how we might quickly get
5 the program back on track doing what was originally intended
6 of the program, to stimulate technology, to drive
7 technological improvement and to get more renewables in the
8 state. But not the direction in which it was going.

9 Now, if that's a wrong intent I am quite willing to
10 accept that. But I think we felt that it wasn't the
11 original intent. I understand and we understood that it
12 affects small business people at a time that is not very
13 convenient. And I think staff has indicated an intention to
14 jump on this issue rapidly and with the help of some of
15 these folks maybe try to clarify some of the points to not
16 chill long-term sales and the continued development in this
17 area.

18 But that's relative to just the wind issue. I
19 regret personally that it slops over into other
20 technologies, particularly fuel cells. I spent some of my
21 hours yesterday pursuing the issue of fuel cells and being
22 quite stimulated by technological development and
23 possibilities. And, I must confess, I for one did not
24 realize - maybe mistakenly - that the action we were taking
25 is going to slop over into other technologies. And I don't

1 know if there is a way out. Our staff has spoken and
2 indicated that they don't see a simple way out. So I'm not
3 quite sure how we can handle that.

4 But I would like to hear from the staff any comments
5 they would have with regard to the other witnesses'
6 statements and comments to this panel before we proceed any
7 further, with the chair's permission.

8 CHAIR WEISENMILLER: Sure.

9 MR. GONCALVES: Well, I think your comments have
10 responded and sort of are in line with some of staff's on
11 some of the other comments. I think perhaps the one that
12 you didn't address in your comments is the wind resource
13 area and how there are pockets. And I think staff clearly
14 recognizes that the wind resource maps that we have are
15 perhaps at a higher level and that there can certainly be
16 pockets within that that don't appear to be good wind
17 resource areas that may be good wind resource areas. And
18 certainly we would like to take that into consideration and
19 as we move forward get input into any changes we make from
20 the stakeholders.

21 But that said, it does appear and we have heard some
22 stories that there have been at least some systems that
23 appear to - that are being at least proposed to be installed
24 in some areas where the wind resource truly is not a very
25 good wind resource area. And that, I think, is a true

1 concern that we have. I understand from the speakers that
2 came up, the witnesses, that perhaps is not something that
3 they are doing. But it does appear that at least some of
4 the systems that we've received are in areas that perhaps
5 have substandard wind. And certainly that is a major
6 concern for us as well. That may be a very small percentage
7 but it's something that we do need to address as well.

8 In terms of the rest of the comments, I think you've
9 covered them all. I think that the only two technologies
10 affected here are small wind and fuel cells, those are the
11 only two in the Emerging Renewables Program. I think fuel
12 cells perhaps was not something at the top of our minds.
13 We've had one fuel cell rebate in the twelve-plus years of
14 the program. And that, I think, may be why there was kind
15 of the oversight on the fuel cells in making our
16 determination.

17 COMMISSIONER BOYD: It certainly was under the
18 radar at that point.

19 MR. GONCALVES: Yes. But certainly, you know,
20 there could be some of the same issues. We haven't seen any
21 systems apply for rebates in many, many years. So there is
22 no certainty whether their costs have come down, whether
23 there was any technology breakthrough. So I think without
24 knowing exactly where that is and Gabe's comments on the
25 fact that some of these rules probably could cover and may

1 apply to the fuel cells - and we need to make those
2 determinations - we will probably want to be careful and
3 make sure that we are taking care of those issues as opposed
4 to continuing forward and then finding ourselves in a
5 situation in the future where we are back at the same spot
6 that we are dealing with with wind.

7 COMMISSIONER BOYD: With wind we had a problem.
8 With fuel cells it sounds like we are trying to anticipate
9 there might be problems that we know nothing about. And
10 it's a little bit of a concern.

11 Mr. Oros is indicating he would like to make another
12 comment. Would you entertain that, Mr. Chairman?

13 CHAIR WEISENMILLER: Oh, sure.

14 COMMISSIONER PETERMAN: And Chair, may I ask when
15 you make your comment can you let us know whether you had
16 intention to file rebates in the next 30 days? Considering
17 that this is a temporary suspension.

18 MR. OROS: Yes, we have been. And that was the
19 intent of the comments this morning. We certainly have. I
20 may clarify a little bit. What we do is a generator that is
21 basically an instant-on/instant-off. It's called capacity
22 factor and I'm sure the board is very familiar with those.
23 Those in the audience that don't understand capacity factor,
24 it's really how much generation that you will get in a 24
25 hour period. With wind - and it's been proven, I think,

1 with a group - excuse my ignorance at the moment, but I can
2 bring to the board the school that did the study in San
3 Diego somewhere, I believe. But the study said that as a
4 result of studying wind, solar and fuel cells that the
5 result was that wind and solar capacity factors, what it can
6 produce in a 24 hour period of time, is roughly about 42 to
7 44 percent. That means if the wind isn't blowing, the sun
8 isn't shining, of course, you're not going to get any
9 capacity out of that unit.

10 A fuel cell is unlike that. A fuel cell is simply a
11 generator. It's a generator that just uses hydrogen only as
12 its fuel. It doesn't use anything else. Clean, zero
13 emission fuel. With that they have shown that that capacity
14 factor is in excess of 94 to 96 percent. It means that it
15 may fail if it came on, if not. But they are proven. These
16 units that we have are proven. We have them spread
17 throughout the globe today. We have had hundreds and
18 hundreds of units installed. We have a deployment alone in
19 Florida that was over 150 sites on one contractor alone. So
20 we know that they're proven, we have them globally and they
21 are producing every single day. And we don't think that
22 there is going to be a problem with fuel cells. It's an on
23 or an off situation. When it's in demand it's on and when
24 it isn't it's off. So we don't have to worry about solar or
25 wind either way to ignite these things. Thank you.

1 COMMISSIONER PETERMAN: I'm going to ask a follow-
2 up question, Chairman.

3 CHAIR WEISENMILLER: Sure.

4 COMMISSIONER PETERMAN: How many rebate
5 applications have you submitted for fuel cells to date to
6 the commission?

7 MR. OROS: What is going to happen in the State of
8 California, there will be 1809 sites that we're doing. I
9 don't know how many that will call for us to do it here in
10 the state. But those are individual sites that we're
11 talking right now.

12 COMMISSIONER PETERMAN: Okay.

13 MR. OROS: And, as I said in my comments earlier,
14 it took us almost 16 to 18 months to put this together.
15 Hence, the reason for the delay. We are very close to now
16 committing to those contracts with the clients.

17 COMMISSIONER PETERMAN: Okay, thank you.

18 COMMISSIONER BOYD: I think I would comment that we
19 totally recognize the benefits of non-interruptible power
20 and we are very stimulated as a commission to move
21 distributed generation as rapidly and as far as we can. I
22 think the key thing is, will a temporary suspension of this
23 program not precipitated at all by a concern for fuel cells
24 chill your business instantly? Or if the message is we're
25 just trying to address a wind-generated issue, is that

1 sufficient to assure your customer base that we are not
2 going to walk away from fuel cells? - or any renewable
3 power, quite frankly.

4 MR. OROS: I don't know. But if we prolong this
5 too long there could be a result. These groups are wanting
6 to move quickly. If we're looking at, perhaps, June we know
7 there are hiccups in putting pieces together like this and
8 if it gets into any farther than that it could cause some
9 detriment to our company for sure.

10 COMMISSIONER BOYD: Well, thank you. I think you
11 heard our lawyer say it would be pretty hard to untie this
12 knot.

13 MR. OROS: Commissioner Boyd -

14 CHAIR WEISENMILLER: I just had -

15 MR. OROS: Oh, sorry.

16 CHAIR WEISENMILLER: -- one follow-up question for
17 him and then Gabe you can follow-up. In terms of the 1800
18 you are looking at, do you have an estimate of how much -
19 ballpark - in terms of what order of magnitude you would be
20 asking for in terms of rebates from the state?

21 MR. OROS: I'm sorry. At this point I can amass a
22 sheet for you showing those and get those to you within the
23 next 24 hours, if need be.

24 CHAIR WEISENMILLER: I was just trying to get a
25 sense whether you're looking for one million, ten million, a

1 hundred million.

2 MR. OROS: No, sir, I would think in the
3 neighborhood of probably ten, I would have to say. I really
4 can't - it's what we're able to be offered by the state.
5 All the compensation that you could provide us just allows
6 us to get closer to compete with those diesel generators
7 that we are trying to compete with today. So every penny
8 helps.

9 CHAIR WEISENMILLER: Thanks.

10 COMMISSIONER PETERMAN: May I make a comment?

11 CHAIR WEISENMILLER: Sure.

12 COMMISSIONER PETERMAN: I want to say that I think
13 your points relate to the fact that the Commission is
14 seriously addressing this issue. Because we do want to make
15 sure that the rebates are available for all the potential
16 technologies and that we do have a concern because we have
17 seen so much of the rebate be captured recently. And so we
18 take your comments seriously.

19 MR. OROS: Thank you.

20 CHAIR WEISENMILLER: Gabe now, please.

21 MR. HERRERA: Thank you, Chairman.

22 Just another point concerning allowing one
23 technology to go forward despite the suspension and then
24 stopping another technology. This program was really
25 founded on first come, first served. We know that the money

1 is limited. The money won't be there forever and so it was
2 never intended that one technology be given a preference
3 over another technology. If we allow fuel cell systems to
4 continue to apply for rebates during the suspension period
5 what we could be doing is inadvertently penalizing those
6 wind systems that likewise could have applied during
7 suspension of the program and that will ultimately have been
8 shown to satisfy the additional criteria and requirements
9 the Commission adopts. And to avoid that situation and
10 penalize inadvertently wind systems that were intended not
11 to receive funding. I think it puts us in kind of an odd
12 spot.

13 And so to be even-handed I think it makes sense to
14 treat both technologies the same way.

15 COMMISSIONER BOYD: I appreciate that point, it's a
16 good point.

17 MR. HERRERA: If I could also make a comment
18 concerning Mr. Crizer's points. He submitted an email
19 yesterday which staff considered and he makes some very good
20 points. I mean, the whole idea of this program was to force
21 technology in part to move forward, to increase the volumes
22 of sales. And at a point where we've helped do that by
23 bringing to the market a technology that is inexpensive and
24 affordable and can be roof-mounted and satisfies the program
25 goals, then I think we've achieved part of our intent of the

1 program. But we need to make sure that when program funding
2 is being provided to these systems that that funding in fact
3 does satisfy the purpose of the program and that the
4 requirements of the program are being satisfied.

5 I think it would be a poor investment and poor use
6 of program funds to provide rebates to systems that aren't
7 generating electricity, they're not offsetting the
8 consumer's onsite electrical load.

9 COMMISSIONER BOYD: Mr. Chairman, I would agree
10 with Mr. Herrera. I was thinking here a moment ago that we
11 are being victimized by the success of the program, that we
12 are being swamped suddenly with what could very well be a
13 significant technological breakthrough that is all positive.
14 But I think that's a consequence. I appreciate you bringing
15 it up.

16 CHAIR WEISENMILLER: Carla?

17 COMMISSIONER PETERMAN: A question for staff: Do
18 the guidelines currently have any minimum wind resource
19 requirements or guidelines?

20 MR. GONCALVES: No, they do not.

21 COMMISSIONER DOUGLAS: I would just like to say
22 that I don't think it's really ever appropriate for the
23 rebate to cover 100 percent of the cost of the new
24 technology. I think that, first of all, we would run
25 through the money awfully quickly if the systems are free

1 and that's not really the intent of the program. And,
2 secondly, cost share in having customers pay some amount,
3 some significant amount of the cost of the product gives
4 them more buy-in, more incentive to make sure the product
5 actually works and it stretches the dollars and insures that
6 it's not all eaten up by one particular product, which again
7 would take us away from the purpose of the technology. So I
8 would just like to say that I'm going to support the
9 temporary suspension.

10 CHAIR WEISENMILLER: Just to make the point that
11 when the state did solar tax credits in the first Brown
12 Administration they included wind. And certainly one of the
13 issues we discovered - but to the chagrin of this commission
14 and the governor - was that people were putting up wind
15 machines for tax purposes that actually didn't function
16 particularly well. And so coming out of that I think we've
17 all learned the lesson that as we do incentives we have to
18 make sure the money is wisely spent.

19 I think in terms of the fuel cells I would note, I
20 think, at the same time obviously they were used more in
21 Apollo stuff. So they were very reliable although very
22 expensive. So I assume that as we decrease the cost the
23 question will be to see what the reliability is coming out
24 of those and making sure that, again, as with the wind that
25 people are really getting their money's worth. It is

1 certainly a difficult challenge we are all facing. Because
2 I believe, as Commissioner Boyd indicated, this commission
3 certainly believes very strongly in renewables and trying to
4 move that forward and find the right tipping point to really
5 spread those types of installations throughout all of
6 California. But at the same time, given the state's budget
7 realities, we have to make sure every dollar is wisely
8 spent.

9 Are there any more comments?

10 (No response.)

11 Do I have a motion?

12 COMMISSIONER BOYD: Mr. Chairman, I will move
13 approval, although it might be more appropriate for another
14 member of this commission to do so since I am the chair - or
15 was - of the Renewables Committee at this point in time. In
16 spite of the dilemmas and the issues identified today, I am
17 prepared to support the recommendation of the committee.

18 CHAIR WEISENMILLER: Excuse me, I was going to say
19 certainly if any of the public want to say one last thing we
20 would be happy to hear them.

21 MR. OROS: In questioning I heard if they are
22 dependable. I would have an open invitation to the board to
23 come to our facility in Folsom to show you our past history
24 over the last ten-plus years of where we have installed
25 these, get information to you with letters from those that

1 have been using these units to find out and show you that
2 they are a solid piece of equipment with little or no fault
3 to them at all. We have really perfected the industry, or
4 the technology, quite well.

5 CHAIR WEISENMILLER: That would be really exciting.
6 And I think certainly to the extent you can provide some of
7 that information to the staff as the guidelines are coming
8 together that would be great.

9 COMMISSIONER BOYD: Well, as a charter member of
10 the California Fuel Cell Partnership and partially involved
11 in the Stationary Fuel Cell Partnership that exists, that
12 this commission has been on, I would have to concur with the
13 gentleman's comments about the evolution of fuel cells. But
14 I think we have to take him up on his offer some day if they
15 ever unchain us from our desks.

16 CHAIR WEISENMILLER: Exactly.

17 MR. PIERCE: Just to make a comment in
18 clarification. I understand the need for the comments, I
19 wasn't trying to be altruistic, and I understand the need to
20 have clients buy-in on a product, and that's not the purpose
21 of the program. There was a technological improvement, we
22 did have some efficiencies that make our turbines more
23 efficient in lower wind conditions, which makes it more
24 available to more of the public. You don't have to live in
25 an area that would historically be super high wind. We can

1 still reach our level of wind in more areas.

2 But I would like to know is, the rebates submitted
3 on the final day, is the Commission going to stand by those
4 or are they going to be picked apart to the point that they
5 are not honored? Because there was a three hour notice on a
6 program that we had verified and we spent a substantial
7 amount of energy and time and effort and money to make
8 happen. So that's my question. And then what do you think
9 the processing times will be on processing those rebates,
10 the ones already submitted?

11 And then, you know, with program advancements I
12 think that the goal for everyone is to get to a point where
13 alternative energy production, whether it's solar or wind or
14 fuel cells or whatever kind of new technology comes forward,
15 will eventually be economically feasible to the point that
16 there is no rebates or public assistance support for those
17 to be economically feasible for all consumers as we as a
18 country and as a state try to get off of coal and nuclear
19 and hydro and all the other sources of electricity. But the
20 rebates and the public assistance help spur that
21 development. It's kind of like the purpose for medical
22 patents on medicine so that the company that spends the
23 money and makes the investment is able to capitalize for a
24 period of time on their patent for whatever pharmaceutical
25 that they've developed. And then after a time it's opened

1 to generics and everything else.

2 We have had a technological improvement and we're
3 just trying to recoup some of the capital and the effort
4 that went into that so that we continue to move forward to
5 the point where, you know, maybe we can get solar down to
6 the point that it's a dollar a watt. I know that's been the
7 government's expressed goal to get it down to that point.
8 Solar rebates used to be four dollars and now they are
9 thirty-five cents a watt. And it's going to drop another -
10 I think twenty-five cents is the next step. And now solar
11 in a lot of situations is economically feasible, where wind
12 is just much further behind in its development, especially
13 in America. There are other countries in Europe, for
14 example, that are much more advanced with wind because they
15 have, one, had the resources and, two, the need to do that.
16 So those are my questions and my comments. I appreciate the
17 floor time. And I understand. I feel bad for fuel cells.
18 But I feel bad for our clients and the people that we've
19 talked to. I had to go back and tell lots of people, hey,
20 we can't help you right now because they changed the program
21 with three hours notice. And, yes, I got your package, your
22 paperwork Saturday in the mail and I can't submit that for
23 at least 60 days and I don't know what we will be able to do
24 when that is processed.

25 And just on a side note, the week that the program

1 change was announced my company had turned down four people
2 that had asked for wind turbines because they were in a
3 gully surrounded by trees and there was just no wind. We
4 get up and actually do an assessment and we look at the
5 property, we look at the roof, we look at the surrounding
6 areas and if there is no wind we don't put them on. We try
7 to sell them solar or insulation or some other efficiency to
8 help relieve the strain on the grid. So I think localized
9 production and being able to make wind a localized
10 production instead of just in the middle of Solano County
11 needs to continue to be focus. For example, I know in
12 Rocklin I talked to one of the technicians for a substation
13 and the substation was at 135 percent capacity. And those
14 substations cost about \$35 million to build, is what I was
15 explained. So I know that localized production is something
16 that is important as well.

17 Thank you for your time.

18 CHAIR WEISENMILLER: Thank you.

19 MR. GONCALVES: I would like to respond to his
20 comment on the processing. At this point we are overwhelmed
21 with the number of applications that we've received so it
22 will take some time. We are in the process of going through
23 a screening process to go through all of the applications to
24 determine their completeness. But it will take some time
25 given the historic volumes that we were receiving and the

1 staffing we had for that and the overwhelming number of
2 applications that we've received.

3 COMMISSIONER BOYD: I think the question on the
4 table is: Were those applications that arrived before the
5 deadline, are they going to be processed? Were they
6 accepted for eventual processing, no matter how long it
7 takes?

8 MR. GONCALVES: Yes, they will be reviewed for
9 completeness. But anything that arrived before five p.m.
10 via fax or email or was postmarked on the 4th will be
11 reviewed and is considered to have been received before the
12 deadline.

13 MR. HERRERA: Commissioner Boyd, that was also
14 clarified in the notice that was issued on March 4th, that
15 completed applications submitted prior to the deadline would
16 be reviewed.

17 COMMISSIONER BOYD: Well, we got a question to
18 that. I just wanted to make sure the question got answered.
19 Thank you.

20 CHAIR WEISENMILLER: Thanks for both of your
21 comments.

22 Do we have a motion?

23 COMMISSIONER PETERMAN: I have a final comment. I
24 want to thank the members of the public for being here
25 today. And then if we do move forward with a suspension and

1 a workshop I do hope that you come and participate. And
2 also thank you to the Renewables staff and the committee for
3 working on this matter so diligently.

4 CHAIR WEISENMILLER: Do we have a motion?

5 COMMISSIONER PETERMAN: I make a motion to continue
6 with the temporary suspension.

7 COMMISSIONER DOUGLAS: Second.

8 CHAIR WEISENMILLER: All in favor?

9 COMMISSIONER BOYD: Aye.

10 CHAIR WEISENMILLER: Aye.

11 COMMISSIONER DOUGLAS: Aye.

12 COMMISSIONER PETERMAN: Aye.

13 CHAIR WEISENMILLER: It's unanimous. Thanks,
14 staff.

15 COMMISSIONER BOYD: And I commend our new
16 Commissioner Peterman, who in a few minutes will be the
17 Chair of the Renewables Committee, the new Chair of the
18 Renewables Committee who will inherit this. But I'm still
19 there with you, so carry on.

20 COMMISSIONER PETERMAN: And I commend Commissioner
21 Boyd for the work he has done on this to date. And so I'm
22 inheriting a good committee.

23 CHAIR WEISENMILLER: Actually, I think all four of
24 us have been on that committee at one point or another. So
25 we can assure you that it's important.

1 So the next item is Energy Commission Committee
2 Appointments: Possible approval of Energy Commissioner
3 appointments to the Energy Commission's Standing Committees
4 and Siting Committees. The contact is Kevin Barker. Kevin,
5 do you want to lead the discussion?

6 MR. BARKER: Good morning, Commissioners. Before
7 you have I have policy committee appointments as well Siting
8 Committee appointments. Some of them have second members
9 that are to be determined as we are still short one
10 commissioner. So I did come before the Commission about a
11 month ago for committee appointments. This is the second.
12 And when we do get a fifth commissioner I will come before
13 you for more committee appointments.

14 I guess I can start with the Siting Committee
15 appointments, if that's okay. We have ten Siting
16 Committees. Number one would be Sun Valley Energy Project,
17 Presiding Member is Commissioner Douglas and Associate is
18 Chair Weisenmiller. San Gabriel Generating Station -

19 COMMISSIONER BOYD: Kevin, excuse the interruption
20 but could you indicate for the audience and the record those
21 committees where there is a change and those committees
22 where we are just reaffirming previous committee
23 assignments? Thank you.

24 MR. BARKER: Sun Valley, I believe, is staying the
25 same. San Gabriel Generating Station, there has been a

1 change. The new committee is Presiding Member Peterman and
2 Associate Boyd. Carlsbad Energy, there has been a change,
3 Presiding Member Boyd and there is no Associate Member at
4 this time. Willow Pass stays the same, Presiding Douglas,
5 Associate Boyd. Hydrogen Energy California, there has been
6 a change, Presiding Member Boyd and there is no Associate
7 Member at this time. Palmdale will stay the same, Presiding
8 Douglas and Associate Boyd.

9 COMMISSIONER BOYD: No, actually that's a change.

10 MR. BARKER: I believe the change occurred at the
11 last, if I'm not mistaken.

12 COMMISSIONER BOYD: Oh, I'm sorry, perhaps that's
13 right.

14 MR. BARKER: CPV Vacaville there is a change,
15 Presiding Member Peterman, Associate Weisenmiller. BP
16 Watson, there has been a change, Presiding Member Peterman,
17 Associate Douglas. Mariposa I think has been a change.
18 Commissioner Douglas was the commissioner that presided over
19 the evidentiary hearings and so she will be the only member
20 of this committee.

21 CHAIR WEISENMILLER: So this one was changed the
22 last time, there is no change on this one.

23 MR. BARKER: Okay. And the last one is Oakley
24 Generating Station. There has been a change, Presiding
25 Member Boyd and Associate Peterman. Should I go into the

1 policy committees?

2 CHAIR WEISENMILLER: Let's just identify the ones
3 that Commissioner Peterman is on.

4 COMMISSIONER BOYD: Mr. Chairman, I would suggest
5 we move on this item before we proceed to the other
6 committees. We have a specific order.

7 CHAIR WEISENMILLER: Okay, that's fine. First, are
8 there any comments or questions on this?

9 COMMISSIONER BOYD: Do we have a choice?

10 (Laughter.)

11 COMMISSIONER PETERMAN: No questions.

12 CHAIR WEISENMILLER: Do I have a motion?

13 COMMISSIONER BOYD: I will move approval of Energy
14 Commission Order 11-0317-2S.

15 CHAIR WEISENMILLER: Do I have a second?

16 COMMISSIONER PETERMAN: Second.

17 CHAIR WEISENMILLER: All in favor.

18 COMMISSIONER BOYD: Aye.

19 COMMISSIONER DOUGLAS: Aye.

20 COMMISSIONER PETERMAN: Aye.

21 CHAIR WEISENMILLER: Aye. This carries
22 unanimously. Now we will move on to the policy committees.
23 Kevin?

24 MR. BARKER: The policy committees we actually have
25 three changes, two are for Commissioner Peterman and then

1 there is also a change for the Siting Committee. The first
2 committee, Electricity and Natural Gas Committee, Presiding
3 Member Weisenmiller, Associate Peterman. The Siting
4 Committee will be Presiding Member Douglas and Associate
5 Member Weisenmiller. And the last change is for the
6 Renewables Committee, Presiding Member Peterman, Associated
7 Boyd.

8 CHAIR WEISENMILLER: Do we have any questions or
9 comments on these?

10 (No response.)

11 Do I have a motion?

12 COMMISSIONER BOYD: If no questions or comments, I
13 will move approval of Commission Order 11-0317-2P.

14 COMMISSIONER DOUGLAS: Second.

15 CHAIR WEISENMILLER: All in favor?

16 COMMISSIONER BOYD: Aye.

17 COMMISSIONER DOUGLAS: Aye.

18 COMMISSIONER PETERMAN: Aye.

19 CHAIR WEISENMILLER: Aye. This also carries
20 unanimously. Thank you.

21 I think all of us are quite happy now to have the
22 committee assignments. Again, as Kevin had indicated, given
23 the reality that we have been doing these in phases as the
24 appointments have come out in phases, there will certainly
25 be another order when we have another commissioner. But at

1 this point I think the four of us are fully engaged and it's
2 a good time to have that.

3 Is there a Chief Counsel's report?

4 MR. LEVY: No report today. Thank you,
5 Commissioners.

6 CHAIR WEISENMILLER: In terms of the other
7 commissioners, I think there is a lot going on that we
8 probably should talk about in terms of discussions or
9 presentations.

10 COMMISSIONER BOYD: Well, I believe most of us are
11 being kept reasonably abreast of the tragic events in Japan.
12 This agency was fairly active last Friday as we dealt with
13 the earthquake in Japan and then the tsunami warnings as
14 they related to California and its two nuclear power plants.
15 As everybody knows, we passed through that phase with no
16 damage or no incidents of any kind with regard to the
17 operation of our two nuclear power plants, which are located
18 on the coast and dependent on the sea for cooling.
19 Unfortunately, some other parts of California, particularly
20 the harbors in Crescent City and, of all places, Santa Cruz
21 were significantly affected. But as it relates to our
22 responsibilities we passed through that part of the
23 situation quite well.

24 However, late Friday all attention was turned
25 therefore to the events affecting the nuclear power plants

1 in Japan. And I think we've all followed those unfortunate
2 events on a daily basis almost around the clock. And we
3 continue to get regular reports, which are being shared now
4 amongst the commissioners. I say this as a result of my
5 appointment about eight years ago as the state's liaison to
6 the Nuclear Regulatory Commission. While we do not have
7 direct authority for emergencies and what have you, since we
8 have a responsibility for nuclear waste materials and
9 obviously responsibility with regard to the nuclear power
10 plants, we have continued to follow this issue quite
11 closely.

12 As you know, we've relied both heavily on the press,
13 which sometimes is reasonably accurate, sometimes not so
14 accurate. We now within the state have a pretty polished
15 system of communications amongst those agencies within the
16 state who have responsibility. Our Emergency Management
17 Agency and its formerly subordinate Office of Emergency
18 Services is very key and leads on most of these activities.
19 The Department of Public Health has a key role in the event
20 of any radiological issues that affect health and have
21 activated their center and their processes as of last
22 Saturday, I believe. And we receive input there. And we are
23 in regular counsel with those agencies and the Nuclear
24 Regulatory Agency with regard to its responsibilities.
25 Therefore, this sad saga continues and I guess we just

1 continue to watch the development.

2 There is obviously a lot of concern on the part of
3 the public with regard to an absolute worse case outcome in
4 Japan and how it might affect the public's health here. We
5 are assured by federal and state health agencies that there
6 is very little opportunity for the public health of
7 California to be affected, certainly not at this point in
8 time, by what radiological releases have occurred. But we,
9 of course, continue to watch the issue. People are quite
10 concerned. We are not the public health agency but as
11 anyone in our field can tell you we get lots of inquiries
12 about public health issues. And, of course, there has been
13 a run on potassium iodide throughout California. And I
14 guess the public health agencies are warning folks that is
15 an unnecessary action on their part and please do not take
16 potassium iodide as a precautionary measure. It does have
17 significant side effects that should be avoided if there is
18 not an issue and really you are only supposed to take it if
19 you have been subjected to radiation because it has a very
20 short life in terms of its beneficial attributes. And if
21 you waste yourself taking it way ahead of time it may not
22 work for you should you every truly need it.

23 Now, I for one doubt that California will have a
24 problem. But I'm glad that our agencies are on top of this
25 and the federal agencies have begun significant monitoring

1 of the quality of the air. So we will continue to watch
2 this space and report on those activities. There will be
3 legislative hearing, there is a legislative hearing
4 scheduled for this coming Monday afternoon by a Senate
5 committee into lessons learned with regard to earthquakes
6 and nuclear power plants and the effects thereof upon this
7 state and its power plants. The utilities have been
8 summoned. I have been summoned to again speak to the
9 findings of this commission in the AB 1632 Report, as it's
10 known, authored by then Assemblyman Blakeslee. And in our
11 own Integrated Energy Policy Reports we have pointed out the
12 need and called upon the utilities to do additional seismic
13 surveys utilizing the latest technologies of the sites of
14 our two power plants, one of which has applied for
15 relicensing and the other of which has been on the verge of
16 applying for a license for some time now. And that will
17 certainly again be the gist of my testimony, reiterating
18 what the policy of this agency has been with regard to the
19 need for those type studies.

20 This unfortunate situation in Japan has certainly
21 refocused a lot of attention on that subject and perhaps
22 there will be pursuit of some of those solutions and
23 activities with a little more vigor now. Enough said.

24 CHAIR WEISENMILLER: Thank you. The last few days
25 one of the things I've been reflecting upon is the first

1 class at Cal I had with Holdren, which was actually Dave
2 Goldstein and I. We went through some obscure NRC report
3 called WASH 1400, also know as the Rasmussen Report, which
4 went through and tried to look at the probability of an
5 accident and the consequences. So we sort of walked through
6 it line by line for the first course of the quarter. And it
7 was a fascinating course. I was hoping we would never have
8 to think about it, you know, going forward.

9 I think the other thing I was going to mention was
10 that I got hand-delivered from President Peevey last night a
11 letter that Paul Clanon sent to Chris Johns of PG&E on the
12 San Bruno issue. You know, probably just to hit the high
13 point of it, PG&E was required to do the following on the
14 15th to demonstrate the safety of its pipeline system.

15 And the PUC's conclusion is:

16 "PG&E's willful non-compliance of our direct order
17 may put public safety at risk. We must be certain that
18 PG&E knows the types of pipe it has in the ground in
19 order to know the maximum pressure under which these
20 pipes can operate safely. Today I sent to PG&E by hand
21 delivery a letter of demand and order to obtain the
22 documents and analysis required by the PUC and the NTSB.
23 It has been six months since the tragedy at San Bruno and
24 we are working diligently to improve pipeline safety.
25 PG&E must do its part by fully and timely complying with

1 our orders or face penalties."

2 So at the next PUC meeting the staff is representing
3 to the commission that they issue an order to show cause why
4 PG&E should not face fines and penalties for deliberately
5 not complying with PUC orders.

6 COMMISSIONER DOUGLAS: I wanted to make a brief
7 update that in hearings on the Mariposa Energy Project the
8 committee had requested that PG&E provide some testimony
9 regarding the issue of any potential impacts of the power
10 plant on the pipeline, in particular the interconnection.
11 And PG&E sent a lawyer saying that they would not provide
12 testimony. So we are currently reviewing the record and
13 considering whether we have sufficient evidence in the
14 record to move forward. At that point I probably can say
15 more about the efforts to review the record.

16 CHAIR WEISENMILLER: When I met with President
17 Peevey I pointed out the issue and the PUC may issue
18 additional direction to PG&E on these issues.

19 COMMISSIONER BOYD: On the last point, Commissioner
20 Peterman and I had a power plant siting case hearing earlier
21 this week in Oakley, which is adjacent to Antioch. And we
22 had by order of the committee introduced the issue of
23 natural gas pipeline issues relative to pipeline safety and
24 what have you. And I've scheduled yet another hearing on
25 the 25th of March to address that question. So it remains

1 to be seen what type of response we will get. And so we
2 will report on that later.

3 This does remind me that we did have the hearing
4 that I mentioned earlier this week. It went quite well, all
5 things considered. However, it was one of the earlier
6 Siting Committee hearings that was going to utilize WebEx
7 and had so noticed WebEx and had a lot of people depending
8 upon WebEx. And maybe I'm giving the Public Advisor's
9 presentation here. Even though it had been dry run the
10 previous day we probably had an hour and a half worth of
11 delays in our hearing before we finally just abandoned the
12 effort. And it's not necessarily this agency's - it doesn't
13 fall necessarily under this agency, it just seems the
14 interface between WebEx and the fairly new city hall system
15 that we were utilizing in Oakley, it just couldn't make the
16 connection properly. And in addition it seemed to act as a
17 giant antenna and the court reporter was listening to other
18 hearings or the BBC in the afternoon more than he could hear
19 our hearing. So it was a long day and a difficult day. But
20 one brought to us by modern technology. So enough said. I
21 know everybody involved. This is not put the staff down,
22 everybody involved is pursuing this matter to just try to
23 see that it doesn't happen again. It was an unfortunate
24 situation since many people had depended on the idea that
25 they could tune in on WebEx and they weren't able to really

1 participate. However, we had a very large audience of live
2 people and very entertaining.

3 CHAIR WEISENMILLER: Do we have an Executive
4 Director's report?

5 MS. JONES: Good morning, Commissioners and the
6 Chair. I have no report for you today.

7 CHAIR WEISENMILLER: Okay.

8 MS. JENNINGS: Jennifer Jennings, Public Advisor.
9 Just to follow-up on Commissioner Boyd's comments regarding
10 the Oakley hearing. I think the fact that we are having a
11 second hearing has comforted a lot of people who were
12 concerned about not having access to the first. And in
13 combination we will have the transcript available, I think,
14 by the end of the week before the following hearing. So
15 they will be able to hear what occurred.

16 However, I don't think the WebEx was the
17 interference with the court reporter. And I'm not sure how
18 we can troubleshoot that. Because once we turn the WebEx
19 off he was still getting radio interference. His wires must
20 have been getting some interference on their own. So I'm
21 not sure how we're going to be able to solve that problem.
22 Maybe we will need some backup systems. We thought about
23 bringing a telephone conference phone for every remote
24 hearing and setting up a conference line separate as the
25 backup to WebEx. Maybe if we have enough fail-safe things

1 we can get broadcast for our hearings. Thank you.

2 CHAIR WEISENMILLER: Certainly keep working on
3 that. I think all of us are very concerned about making
4 sure that we facilitate the public participation and we
5 would like to use electronics as enabling technology not as
6 a barrier or crippling technology.

7 MS. JENNINGS: But I do think the fact that we were
8 in the local community made it a lot better. If we had been
9 here in Sacramento for both of those hearings we would have
10 had a lot more unhappy people. Thank you.

11 CHAIR WEISENMILLER: Okay, any further comments or
12 questions?

13 COMMISSIONER PETERMAN: No comments.

14 CHAIR WEISENMILLER: Any public comment.

15 (No response.)

16 Then this meeting is adjourned. Thank you.

17 (Meeting adjourned at 10:20 a.m.)

18

19

20

21

22

23

24

25